

WEST COAST LUMBER & BUILDING MATERIAL ASSOCIATION

177 Parkshore Drive • Folsom, California 95630 Telephone 916/235-7490 Fax 916/235/7496
www.lumberassociation.org

January 13, 2014

Members of the State Board of Equalization
PO Box 942879
Sacramento, CA 94279

Dear BOE Members:

At your regular meeting on January 16, 2014, you will have for consideration proposals for legislative remedies to modify actions of AB 1492 (Timber Regulation and Forest Restoration Fund) concerning the "Lumber Products Assessment" portion of that legislation.

Specifically, the two legislative suggestions would 1) allow retailers to claim a bad debt deduction of previously reported and paid assessment if the account is a bad debt, or was charged to an exempt purchaser, and is changed off in accordance with generally accepted accounting practices, and 2) exempt any California business from collection of the "Lumber Products Assessment" if the business does not meet a \$25,000 threshold of annual sales of lumber products subject to the assessment.

The bad debt provision is one that simply makes sense. Businesses should not be required to pay taxes or assessments on bad debts or products improperly subjected to the assessment. We agree that this is a very small item and would have minimal effect on total revenue collected under the assessment.

Exempting businesses with annual sales of qualifying sales of less than \$25,000 subject to the assessment further makes good sense. The amount of tax collected from businesses at this level would be less than \$250 per business, an amount that would not generally be covered by the BOE in setting up administrative accounting for the business, and certainly not in any subsequent auditing procedures.

In our analysis of and in answering questions from a variety of businesses across California since the implementation of this assessment, we have discovered a number of situations in which a business, like a small hardware store, might keep on hand a few pieces of plywood or dimensioned lumber, sold as a convenience to customers who might need such a product in conjunction with another project. Such sales are generally only a few dollars a week.

We respectfully request that the Board of Equalization include these revisions to the Timber Regulation and Forest Restoration Fund and the "Lumber Products Assessment" portion of that law in the agency's 2014 legislative package.

Sincerely,



KEN DUNHAM
Executive Director
WEST COAST LUMBER & BUILDING MATERIAL ASSOCIATION